

**Biron Bay Gold Mines**  
**LIMITED**

**REPORT TO SHAREHOLDERS**

WITH FINANCIAL STATEMENTS FOR THE FISCAL  
YEAR ENDED DECEMBER 31, 1971 AND NINE  
MONTHS ENDED SEPTEMBER 30, 1972.



BIRON BAY GOLD MINES LIMITED

Directors:    Gerald R. Hillsdon  
                 John C. Stuart  
                 Edward I. Willis  
                 James R. Zimmerman

Officers:     Dean B. Carlson, President  
                 Gerald R. Hillsdon, Secretary-Treasurer

Head Office: Suite 515, 159 Bay St. Toronto, Ontario

Transfer Agents

and Registrar: Guaranty Trust Company of Canada, Toronto

Auditors:     V.H. Davies, C.A. Toronto

Legal Counsel: Manley, Grant & Camisso, Toronto

Fiscal Agents: Goodwin Harris & Company Limited, Toronto



## REPORT OF THE DIRECTORS

### To the shareholders:

The directors are pleased to send you financial statements covering the 21-month period ended September 30, 1972. These statements contain detailed information on the company's current financial position and on the allocations and disbursements of funds during the period.

Since our last communication with shareholders in July of this year, a concentrated exploration effort has continued on the company's 12-claim iron property in Anstruther Township, 44 miles northeast of Peterborough, Ontario.

Six diamond drill holes were completed and results have verified the existence of a magnetite iron deposit similar to the Marmoraton Mine of Bethlehem Steel, 45 miles to the southeast in the Town of Marmara.

In the accompanying summary prepared by S.W. Evans, P.Eng., our consulting mining geologist, the "B" and "C" zones of the Anstruther property have responded favourably to testing with the "C" zone showing the greatest potential at this stage of the exploration program. A magnetic concentrate prepared from a composite of the entire core length of drill hole #4 in the "C" zone, showed 65.1% iron and 27.2% magnetic distribution. This analysis, we are advised by Mr. Evans, indicates that an "excellent marketable magnetic concentrate can be prepared from the Biron Bay deposit."



Holes #3 and #5, also drilled on the "C" zone, showed 22.5% iron over 22.6 ft. and 19.7% iron over 84.2 ft. respectively. Depths were 225.9ft. and 362 ft.

In light of these results, an expanded geophysical program has been initiated on the "C" zone to be followed by additional drilling. This is in keeping with the recommendations of our technical advisors and consistent with prudent use of available exploration funds. We look forward to results of this work and are confident that they will serve to increase the prospects for development of the property.

Edward I. Willis, a director of Biron Bay, has been appointed president of the company replacing Dean B. Carlson.

On behalf of the board,

Edward I. Willis  
President

Toronto, Ontario  
November 14, 1972



REPORT OF THE CONSULTING  
MINING GEOLOGIST

Anstruther Township Iron Property

Six diamond drill holes have been completed with a total footage of 2,092 feet. Two holes (#1 and #6) tested the A Zone, one hole (#2) checked the B Zone, and three holes (#3, #4 and #5) were completed on the C Zone.

The diamond drill program results have verified the existence of a magnetite iron deposit that is geologically similar to the producing Marmoraton Mine of Bethlehem Steel, located 45 miles southeast from Anstruther Township. Briefly, the mineralized deposit area occupies a Skarn Zone in Grenville marble near an intrusive contact. At the present time, the C Zone and the B Zone have responded in an encouraging manner. The C Zone with its higher grades and intersections to 300 feet vertically is the most important at this stage of the exploration program.

B Zone: Sampling in drill hole #2 returned 30.5 feet from 221.2 feet to 246.2 feet for over a core length of 25.0 feet. A larger section from 179.2 feet to 246.2 feet averaged 17.8% total iron over the 67.0 feet.

C Zone: The most important hole on this Zone was #4 and at the present time, this is the drill hole on which we have completed an analyses of a magnetic concentrate. The analyses results have indicated that an excellent, marketable magnetic concentrate can be prepared from the Biron Bay deposit.



Hole #4 averaged 28.07% total iron over a core length of 102.5 feet from 69.1 feet to 171.6 feet. (This represents a true width of our important skarn horizon of approximately 75 feet).

A magnetic concentrate was prepared from a composite of samples #216 to #224 inc. at a grind of -100 mesh, with the following analyses:

<u>Fe%</u>	<u>Ti%</u>	<u>P<sub>2</sub>O<sub>5</sub>%</u>	<u>SiO<sub>2</sub>%</u>	<u>MnO%</u>	<u>Al<sub>2</sub>O<sub>3</sub>%</u>	<u>CaO%</u>	<u>MgO%</u>	<u>S%</u>
65.1	0.13	Trace	6.40	0.38	1.94	1.64	1.25	0.85

Distribution in the composite: Magnetics, 27.2% ; Non-magnetics, 72.8%.

Only three of the detailed grid lines crossed the C Zone during the previous magnetic survey work. After hole #5 was completed it was decided to expand the geophysical work in this area. A detail grid has been completed and the added magnetometer information.

Respectfully submitted,

S.W. Evans, B.A.Sc., P.Eng.,  
Mining Geologist

Toronto, Ont.

October 31, 1972



BIRON BAY GOLD MINES LIMITED

(No Personal Liability)

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET AS AT SEPTEMBER 30, 1972 AND AS AT DECEMBER 31, 1971

	<u>ASSETS</u>	<u>September 30</u> <u>1972</u>	<u>December 31</u> <u>1971</u>	<u>December 31</u> <u>1970</u>
Current Assets				
Cash		\$ 23,263	\$ -	\$ -
Due from participants in The Fort Nelson prospecting agreement less allowance for doubtful amount of \$2,087.		-	2,087	-
Current assets		\$ 23,263	\$ 2,087	\$ -
Advances to affiliated company - Golden Arm Mines Limited		5,509	5,509	-
Interest in The Fort Nelson grub-stake syndicate - at cost (Note 1)		4,387	4,387	-
Mining properties and claims (Note 2)		134,640	121,640	115,340
Deferred exploration, development and other expenditures (Note 3) - page 5		103,122	71,505	25,788
Organization expense		2,150	2,150	2,150
		<u>\$ 273,071</u>	<u>\$ 207,278</u>	<u>\$ 143,278</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities				
Accounts payable		\$ 2,627	\$ 1,393	\$ 773
Note payable due July 23, 1972		-	5,000	-
Due to directors		-	2,027	-
Due to prospecting syndicate		2,913	-	-
Current liabilities		<u>5,540</u>	<u>8,420</u>	<u>773</u>
Shareholders' Equity				
Capital Stock - no par value not to be issued for an aggregate consideration in excess of \$3,500,000 (Notes 4 to 6)				
Authorized 3,500,000 shares				
Issued 1,740,005		202,505	202,505	142,505
Contributed surplus (Note 5) - page 6		69,763	-	-
Deficit - page 7		( 4,737)	( 3,647)	-
Shareholders' equity		<u>267,531</u>	<u>198,858</u>	<u>142,505</u>
		<u>\$ 273,071</u>	<u>\$ 207,278</u>	<u>\$ 143,278</u>

(See accompanying notes to financial statements)

Approved on behalf of the Board:

"GERALD R. HILLSDON" Director

"E.I. WILLIS" Director



BIRON BAY GOLD MINES LIMITED

(No Personal Liability)

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES

Nine Months Ended September 30, 1972, And  
Year Ended December 31, 1971

	Nine Months To September 30 <u>1972</u>	Year Ended December 31 <u>1971</u>	<u>1970</u>
Exploration and development			
Anstruther Township, Bancroft Area			
Engineering fees and expenses \$	-	\$ 519	\$ -
Linecutting	4,199	-	-
Geophysical surveys	1,936	-	-
Diamond drilling	8,018	-	-
Assaying	55	236	-
Field transportation and expenses	151	-	-
Taxes, licences and fees	30	-	-
Ball Township, Red Lake Area, Ontario			
Engineering fees and expenses	-	5,000	-
Linecutting	-	862	-
Geophysical surveys	-	5,495	-
Diamond drilling	-	22,299	-
Assaying	-	129	-
Field transportation and expenses	-	1,877	-
Taxes, licences and fees	343	343	474
Suzor Township, Quebec			
Engineering fees and expenses	699	-	-
Linecutting and trenching	2,400	-	-
Geophysical surveys	1,260	-	-
Assaying	52	-	-
Field transportation expenses	1,631	-	-
General			
Prospecting and investigation	<u>1,090</u>	<u>-</u>	<u>-</u>
Exploration and development expenditures	21,864	36,760	474
Administration and general - net - page 9	<u>10,843</u>	<u>8,957</u>	<u>60</u>
Net expenditures for the period	32,707	45,717	534
Balance deferred at beginning of period	<u>71,505</u> 104,212	<u>25,788</u> 71,505	<u>28,823</u> 29,357
Less: Advance from director written off	-	-	3,569
General prospecting and investigation transferred to deficit - page 7	<u>1,090</u>	<u>-</u>	<u>-</u>
Balance deferred at end of period (Note 3)	<u>\$ 103,122</u>	<u>\$ 71,505</u>	<u>\$ 25,788</u>



BIRON BAY GOLD MINES LIMITED  
(No Personal Liability)

DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES

Nine Months Ended September 30, 1972, And

Year Ended December 31, 1971

	Nine Months To September 30	<u>Year Ended December 31</u>	
	1972	1971	1970
Accounting and secretarial	\$ 1,400	\$ 1,050	\$ -
Legal and audit	2,085	875	-
Office rent	-	300	-
Office and miscellaneous expenses	176	217	-
Prospectus and listing	4,356	5,169	-
Shareholders' information	2,740	487	-
Share issue and transfer	760	855	-
Taxes and fees	10	91	60
Interest income on short- term deposits	( 684)	( 87)	-
	<u>\$ 10,843</u>	<u>\$ 8,957</u>	<u>\$ 60</u>

AUDITOR'S REPORT

To the Shareholders  
Biron Bay Gold Mines Limited

I have examined the balance sheet of Biron Bay Gold Mines Limited as at September 30, 1972 and as at December 31, 1971, the statement of contributed surplus, the statement of deficit, the statement of deferred exploration, development and other expenditures and the statement of source and application of funds for the nine months ended September 30, 1972 and for the year ended December 31, 1971. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the company as at September 30, 1972 and as at December 31, 1971, the deficit, the contributed surplus, the deferred exploration, development and other expenditures and the source and application of funds for the nine months ended September 30, 1972 and for the year ended December 31, 1971, all in accordance with generally accepted accounting principles applied on a consistent basis.

*V. H. Davies*

Chartered Accountant

Toronto, Ontario  
November 6, 1972



BIRON BAY GOLD MINES LIMITED  
(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Nine Months Ended September 30, 1972, And  
Year Ended December 31, 1971

	Nine Months To September 30 1972	Year Ended December 31 1971	1970
Source Of Funds			
Capital stock issued -			
240,000 shares	\$	\$ 60,000	\$ -
Contributed surplus -			
net proceeds from			
sale of 286,500			
shares of capital stock			
donated to the Company			
(Note 5)	69,763	-	-
Option of interest in			
mining claims	-	6,200	-
Advance from director	-	-	218
	<u>69,763</u>	<u>66,200</u>	<u>218</u>
Application Of Funds			
Mining properties and claims	13,000	12,500	-
Exploration, development			
and other expenditures-			
net - page 8	32,707	45,717	534
Commission on sale of			
treasury shares of			
capital stock	-	1,560	-
Provision for doubtful			
amount due from			
participant in The Fort			
Nelson grubstake syndicate	-	2,087	-
Advance to affiliated			
company - Golden Arm Mines			
Limited	-	5,509	-
Interest in The Fort Nelson			
grubstake syndicate	-	4,387	-
	<u>45,707</u>	<u>71,760</u>	<u>534</u>
Increase or (decrease) in			
working capital	24,056	( 5,560)	( 316)
Working Capital (Deficiency)			
at beginning of year	<u>( 6,333)</u>	<u>( 773)</u>	<u>( 457)</u>
Working Capital (Deficiency)			
at end of year	<u>\$ 17,723</u>	<u>\$ ( 6,333)</u>	<u>\$ ( 773)</u>
Represented By:			
Current Assets	\$ 23,263	\$ 2,087	\$ -
Current Liabilities	5,540	8,420	773
	<u>\$ 17,723</u>	<u>\$ ( 6,333)</u>	<u>\$ ( 773)</u>



BIRON BAY GOLD MINES LIMITED  
(No Personal Liability)

STATEMENT OF CONTRIBUTED SURPLUS

Nine Months To September 30, 1972 And  
Year Ended December 31, 1971

	Nine Months To September 30 1972	Year Ended December 31 1971	1970
Balance at beginning of period	\$ -	\$ -	\$ -
Sale of 286,500 shares of capital stock of Biron Bay Gold Mines Limited donated by an affiliated company- Golden Arm Mines Limited (Note 5)	71,625	-	-
Less commission on sale of donated shares	1,862	-	-
Balance at end of period	\$ 69,763	\$ -	\$ -

BIRON BAY GOLD MINES LIMITED  
(No Personal Liability)

STATEMENT OF DEFICIT

Nine Months To September 30, 1972, And  
Year To December 31, 1971

	Nine Months To September 30 1972	Year Ended December 31 1971	1970
Balance at beginning of period	\$ 3,647	\$ -	\$ -
Add:			
General prospecting and investigation of properties - page 8	1,090	-	-
Commission on sale of treasury shares	-	1,560	-
Provision for doubtful amount due from participant in The Fort Nelson prospecting agreement	-	2,087	-
Balance at end of period	\$ 4,737	\$ 3,647	\$ -



BIRON BAY GOLD MINES LIMITED

(No Personal Liability)

NOTES TO THE FINANCIAL STATEMENTS

As At September 30, 1972 And As At December 31, 1971

1. Interest in The Fort Nelson grubstake syndicate:

Biron Bay Gold Mines Limited acquired an interest in The Fort Nelson Prospecting Agreement during the year ended December 31, 1971 at a cost of \$4,386.88, which syndicate was formed to prospect for and acquire mininig claims in The Fort Nelson area of British Columbia, Canada.

2. Mining properties and claims:

	<u>At September 30</u> <u>1972</u>	<u>At December 31</u> <u>1971</u>
Anstruther Township, Bancroft Area, Ontario 12 unpatented claims and four patented township lots under option (A)	\$ 5,500	\$ 2,500
Ball Township, Red Lake Area, Ontario 14 patented mining claims, acquired for 1,150,000 shares of the company's stock at 10¢ per share plus cost of patenting	115,340	115,340
Liard Mining Division, Fort Nelson Area, British Columbia 31 unpatented mining claims, acquired for \$10,000 (\$7,087. in cash and \$2,913. due to prospecting sydicate at September 30, 1972), less \$6,200. received under an option agreement (B)	3,800	3,800
Suzor Township, Quebec 21 unpatented mining claims under option (C)	10,000 <u>\$ 134,640</u>	- <u>\$ 121,640</u>

(A) The 12 unpatented claims and the four patented township lots are contiguous claims in two groups, with each group representing a separate option. The effective date of these options is April 21, 1972, and to fully exercise these options



## 2. Mining properties and claims (continued)

### (A) (continued)

the following cash payments and other consideration are required:

- |   |           |
|---|-----------|
| (1) Cash paid November 30, 1971   | \$ 2,500. |
| (2) Cash paid on effective date of options,<br>April 21, 1972   | \$ 3,000. |
| (3) 100,000 fully paid and non-assessable<br>shares in the capital stock of Biron<br>Bay Gold Mines Limited issued on<br>April 21, 1972, the effective date of the<br>options, all of which shares are held in<br>escrow by the Guaranty Trust Company,<br>subject to release only upon the written<br>consent of the board of directors of the<br>Corporation and the Ontario Securities<br>Commission. The 100,000 shares of Biron<br>Bay Gold Mines Limited were donated by<br>Golden Arm Mines Limited, an affiliated<br>company, for this purpose. |           |
| (4) Cash payment within twelve months<br>of April 21, 1972  | \$ 1,500. |
| (5) Cash payment within eighteen months<br>of April 21, 1972  | \$ 2,000. |
| (6) Cash payment within twenty-four months<br>of April 21, 1972   | \$ 3,000. |
| (7) Cash payment on or before expiration of<br>twenty-seven months from April 21, 1972  | \$ 2,000. |

The 12 unpatented claims and the four patented township lots on full exercise of the two options are to be subject to a minimum annual royalty of \$3,000. payable in quarter yearly instalments or twenty cents (20¢) per ton on all concentrates derived from these claims and from all mining lands both patented and unpatented adjacent to these claims which shall be operated for mining purposes by Biron Bay Gold Mines Limited.

- (B) The 31 unpatented mining claims acquired during the year ended December 31, 1971 are subject to a royalty in the amount of 5% of net smelter returns.

An option agreement on the 31 unpatented mining claims was entered into with another mining Company who did not exercise the option agreement by non-payment of the second cash payment of \$6,200. on or before March 2, 1972 as called for in the option agreement.



## 2. Mining properties and claims (continued)

### (B) (continued)

Biron Bay Gold Mines Limited does not intend to expend further funds on these claims of which 15 claims are in good standing to January 29, 1973 and 16 claims are in good standing to January 29, 1974, and the company intends to allow them to lapse on expiry.

(C) To fully exercise this option the following cash payments are required to be made by the company:

(1) Cash paid on effective date of option, April 21, 1972	\$ 10,000.
(2) Cash payment twelve months from April 21, 1972	\$ 20,000.
(3) Cash payment twenty-Four months from April 21, 1972	\$ 20,000.

## 3. Deferred exploration, development and other expenditures:

### Summary of Deferred Expenditures

	<u>At September 30 1972</u>	<u>At December 31 1971</u>
Exploration and development		
Anstruther Township, Bancroft Area, Ontario	\$ 15,144	\$ 755
Ball Township, Red Lake Area, Ontario	61,801	61,458
Suzor Township, Quebec	6,042	-
Administration - net of interest on short-term deposits and advance from director written off	<u>20,135</u> <u>\$ 103,122</u>	<u>9,292</u> <u>\$ 71,505</u>

## 4. Capital Stock:

Capital stock has been issued for the following consideration:

	<u>No of shares</u>	<u>Consideration (A)</u>
For cash	590,005	\$ 87,505
For mining properties and claims	<u>1,150,000</u> <u>1,740,005</u>	<u>115,000</u> <u>\$ 202,505</u>

(A) The shares of the Company were changed from a par value of \$1.00 each to shares of no par value by Articles of Amendment effective June 24, 1971.

240,000 shares of capital stock were issued for cash at 25¢ per



#### 4. Capital Stock: (continued)

(A) (continued)

share for a total cash consideration of \$60,000 during the year ended December 31, 1971 which less commission thereon netted the Company \$58,440.

An option is outstanding to a director of the Company to purchase up to 50,000 treasury shares of capital stock at 25¢ per share on or before July 23, 1973.

#### 5. Contributed Surplus:

336,000 shares of capital stock were donated to the Company for treasury purposes by Golden Arm Mines Limited, an affiliated Company, during the nine months ended September 30, 1972 of which 286,500 shares were sold at 25¢ a share. The net proceeds of \$69,763 from the sale of these shares has been credited contributed surplus for the nine months ended September 30, 1972.

#### 6. Financing:

Under a prospectus dated April 5, 1972 500,000 shares of the capital stock of Biron Bay Gold Mines Limited were offered to the public. The 500,000 shares included the 336,000 shares donated to the Company for treasury purposes by Golden Arm Mines Limited, an affiliated company. The first 260,000 shares were offered to the public on a fixed price basis of 25¢ a share, after which the balance of 240,000 shares were offered at the best price obtainable providing it is not less than 25¢ a share.

286,500 shares of the capital stock of Biron Bay Gold Mines Limited were sold to the public at 25¢ a share during the period from April 21, 1972 to September 30, 1972, the net proceeds of which were credited to contributed surplus (See Note 5)

#### 7. Remuneration To Directors And Senior Officers:

No remuneration was paid to the directors and senior officers of the Company during the nine months ended September 30, 1972 and during the year ended December 31, 1971.



